

Oak Street
UNCLASSIFIED

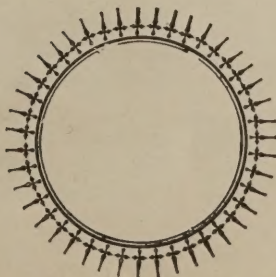
COMMERCIAL TREATIES *and* TRADE AGREEMENTS

Incident to Post-War Re- construction and Peace

By FRED BROWN WHITNEY

Chairman of the American Manufacturers Export Association's
Committee on Commercial Treaties and Trade Agreements

AN ADDRESS AT THE FOURTEENTH ANNUAL CONVENTION
of
THE AMERICAN MANUFACTURERS EXPORT ASSOCIATION
NEW YORK, OCTOBER 25th, 1923



YEAH
HUNDRED YOUNG
AFTER

63.
1214

Commercial Treaties and Trade Agreements Incident to Post-War Reconstruction and Peace

By FRED BROWN WHITNEY

Chairman of the American Manufacturers Export Association's Committee on Commercial Treaties and Trade Agreements.

An Address at the 14th Annual Convention, New York, Oct. 25, 1923

1. Shortly before the Treaty of Versailles, at the Ninth Convention of the American Manufacturers Export Association, your chairman of the Committee on Commercial Treaties and Trade Agreements addressed the Association on COMMERCIAL TREATIES AND TRADE AGREEMENTS INCIDENT TO WAR, PEACE, AND RECONSTRUCTION. That address is printed on pages 191 to 215 of EXPORT PROBLEMS OF THE UNITED STATES, which is the title of the papers read before the Ninth Convention.

A detailed review of this address is suggested to those who are particularly interested in the subjects outlined and discussed today because therein are detailed the international natural resources of the Globe and the proof that the United States is nearly self-sustaining while England, and Europe, except Russia, are far below par in raw materials incident to manufactures. A grasp of the real physical conditions seems prerequisite to any decision on economic accords to preserve peace and prevent war.

The veterans present will recall that your Chairman of the Committee on Commercial Treaties and Trade Agreements twice served as Chairman of the RESOLUTIONS COMMITTEE. Your chairman has appreciated and enjoyed the confidence placed in him and consequently his contacts with many members have been numerous and intimate to the degree that your Chairman feels he has a fairly clear view of the average cross section of the American manufacturer's thinking apparatus. The mutual good will and courtesies will not be violated in an attempt to handle some subjects that naturally involve domestic and international radical differences of opinion. Your Chairman's hope is to impersonally, impartially, attempt to outline all sides of pending serious international questions indicated and then leave all members to exercise their conscience and self interest.

2. Brevity precludes a review of the members' 1918 facts and opinions; however, it is essential to repeat the Chairman's CONCLUSIONS based thereon. They were in part:

"Specifically what the United States will do about Treaties incident to war, peace and reconstruction, and thereafter, is a subject of the future; however, a study of the facts, figures and opinions, you have heard, may naturally lead one to believe that the substantial indications are to the general effect that the UNITED STATES:

(a) Will come out of the war one of the richest and most powerful nations in history.

(b) Has no desire or design to use that power and

wealth for any purposes other than beneficial to the general welfare of mankind.

(c) Will not DISCRIMINATE economically or otherwise between nations that respect and observe the principle that the humblest citizens thereof possess the inalienable rights of life, liberty and the pursuit of happiness and from such citizens a government derives its just powers.

(d) Will not propose changes in commercial relations or treaties until the same have been considered scientifically by experts familiar with the economic needs of the country, the diplomatic relations between the countries involved and the character of the legislation needed to meet the terms proposed.

(e) Will not enter into any treaty, ALLIANCE, or confederation to give preference by regulations of commerce or revenue in order to practice DISCRIMINATIONS, as such, between nations.

(g) Will, in making commercial readjustments, seek to secure concessions especially adapted to the United States products rather than to depend upon concessions embodied in treaties with other countries which may change their treaty relations without regard to or for the economic needs of the United States and to accomplish the foregoing, will want distinctive schedules and highly specialized classifications in order to prevent any discriminations against typical American specialties and to eliminate the innumerable assimilations to other articles in which the United States has little, if any, interest, in common.

(h) Will not lend itself to measures designed to enable foreign employers to pile up unreasonable profits from industry and commerce.

(i) WILL SO USE ITS RESOURCES AS TO TRY TO PRESERVE THE STANDARD OF LIVING OF THE AMERICAN WORKMEN.

Such were the outline views of the average American manufacturer in 1918 when your chairman attempted to generalize the serious conclusions of the men most interested in the foreign trade of the United States.

3. Some seem to feel that foreign propaganda has made attempts to secure from the United States propositions incompatible with these principles which the average American manufacturer in 1918 felt essential to reconstruction and peace after the World War.

Perhaps alien statesmen and diplomats, especially of the decadent royalist types, and their American well-wishers, might have saved their meat, manners, and propaganda money, if they had grasped the full meaning of what the American export manufacturers outlined for the guidance of the United States in our foreign business relations.

Americans naturally lean towards Republics abroad and will hardly volunteer aid to those who would restore autocracy in Germany and Russia; however, those who are attempting other forms of government might well weigh the principles outlined by the export manufacturers if they desire to expedite recognition by the United States Government.

4. *CURRENT STATUS OF COMMERCIAL TREATY DEVELOPMENTS.*

(a) Secretary of State Hughes is the authority for the claim that the relations between the United States and the South American countries were never more satisfactory or carried better promise of mutual good will.

There are no controversies with any of our sister Republics which have not been settled or are in the process of adjustment.

An accord with Colombia has been perfected.

Diplomatic relations are now established with Mexico and our exporters expect to gain thereby.

(b) The United States in making an independent Peace with Germany reserved all the commercial and trade rights granted by the Treaty of Versailles to others.

Our strictly technical trade rights were covered by the ancient treaty of commerce which dated back to 1799 and 1828. War suspended the treaty. Peace legally revived it technically; however, the United States denounced it and no substitute has been perfected.

On October 10, 1923, the Associated Press reported that negotiations of a treaty of amity and commerce with Germany will be undertaken on the return to Washington of the German Ambassador.

There have been preliminary exchanges of views.

(c) Spain is reported to have concluded new treaties with France and with Great Britain, giving commercial advantages which the United States does not possess, except under the most favored nation clause.

It is reported that the United States plans a new commercial treaty with Spain and also with the countries which were formerly Austria-Hungary.

(d) Preferential tariff rates granted by Belgium to France under a recent commercial treaty are extended automatically to similar American goods under the 1875 convention. The major items are: automobiles, rubber products, typewriters, sewing machines, leather goods, and some classes of machinery.

(e) The British, French and Spanish experts on Tangiers have reported a plan for a nominal recognition of the Sultan's sovereignty but actual administration by an international body.

It is not reported what the United States status will be in Tangiers.

(f) It is claimed that Soviet Russia is now trading considerably with the United States but routing the trade financially through England and Germany. Russia wants more direct contacts.

Senator McKellar leads one group which favors a trade pact with Russia PROVIDED Russia guarantees that her trade representatives will not conduct agitation against our sort of government and our institutions.

Congressman Britten reported after an interview with the Russian trade commissioner that the Russian claims that President Harding's speech at San Francisco closed the door to further hopes for a meeting of the countries on a commercial treaty.

The Congressman says that the Russian official claims that new Russia could not be responsible for debts of the former Russia and that there is NO intention to pay back to the United States the millions loaned during the war. This Congressman leads a group that opposes trade agreements with Russia. The current reports are that Russia and France are negotiating a trade agreement predicated upon Russia's recognition of pre-war financial obligations to France.

The attitude of our Secretary of State on Russia is a well known matter of public record.

g. The European habit of providing governmental influence and power for the exploitation by private capitalists of the resources of various countries means an aggressive diplomacy which seems to often create disappointment among Americans whose principles call simply for equality of treatment and the so called open-door in commerce. The United States does not seek preferential treatment in the Western Hemisphere when commercial questions are involved.

Wherever Great Britain is dominant, the United States seems to have a hard time arguing for equality of treatment.

The protracted dispute over equal oil rights in the Near-East seemed to reveal Americans opposed by Great Britain. Even the Dutch company appeared to be influenced by British interests against American interests. The British Government is a dominating stockholder in an oil company.

It may take a long time to put the tentative treaties through the diplomatic and legislative machinery but the subjects are quite serious and worthy of time and sustained effort to protect American interests abroad.

5. A current report is that the LEAGUE OF NATIONS' ECONOMIC SECTION has finished a PROTOCOL ON COMMERCIAL ARBITRATION.

All ratifying countries will obligate themselves to:

A. Enforce decisions made in their own districts.

B. Proceed in arbitration in conformity with the law of the country where arbitration takes place and in accordance with the contract provisions.

C. Recognize the validity of all agreements to submit existing disputes between subjects of the signatory countries to arbitration or clauses in contracts referring potential controversies to future arbitration.

D. Transfer to arbitration all cases where it shall appear in Court that the contract provides for such arbitration.

Great Britain is expected to lead in the ratification of the protocol.

Awards made in other countries are not covered.

Nationals of the signatory countries may avoid foreign litigation by inserting arbitration clauses in all contracts between such nationals.

6. The United States has arbitration treaties with at least 19 countries.

7. There is now pending arbitration between the

United States and Great Britain on numerous pecuniary cases, under the treaty of 1910. The World War interrupted the arbitration. Some of the claims grew out of occurrences during the Spanish-American war and in the South African war in 1899. One goes back to the war of 1812.

Numerous controversies arose during peace and involve personal and property rights of the nationals of the two countries.

One naturally wonders whether the arbitration under the League of Nations protocol will be speedier than current forms, which apparently give the heirs of the original claimant the major interest in any award during one or two generations after the incident from which the claim arose.

8. Nationals of all countries are principally interested in treaties, agreements and accords of a general public nature.

International obligations which involve debts, war, peace and ECONOMIC ACCORDS to preserve peace concern manufacturers, especially those who export any great part of their production.

9. (a) SECRETARY OF STATE HUGHES in his recent Canadian address started in part, "I BELIEVE THAT WE SHALL BE ABLE AT NO DISTANT DATE TO KEEP WITHIN REASONABLE BOUNDS SOME OF THE PRESSING ECONOMIC RIVALRIES BY FAIR INTERNATIONAL AGREEMENTS IN WHICH SELF-INTEREST WILL SUBMIT TO MUTUAL RESTRICTIONS IN THE FURTHERANCE OF FRIENDLY ACCORD."

This land-mark in American diplomacy naturally created immediately a sustained interest on the part of American manufacturers, especially exporters, who are most vitally and directly involved in international restrictions on the economic intercourse between nations.

Your Chairman feels that no confidence is violated when he states that he believes that the average American export manufacturer is quite sympathetic in PRINCIPLE towards Mr. Hughes' economic accord feeler and might favor and foster such accords PROVIDED, in practice, the same do not involve the material lowering of the American tariff or the fixing, internationally, of tariffs and the settlement of tariff disputes by the WORLD COURT of the League of Nations.

None should interpret that statement to the effect that the average American export manufacturer is not in favor of a tribunal to decide international differences. In 1917 our Association voted for such a tribunal after a referendum questionnaire was submitted to some 700 members. No member has expressed a change of views to your Chairman, who then was Chairman of the Resolutions Committee.

The economic accord announcement of our Secretary of State naturally caused an inventory of the foreign conditions which may help or hinder the success of the economic accord movement.

(b) A. Emil Davies of the London County Council in a recent American address on "THE ECONOMICS OF INTERNATIONALISM," stated,

"Unless a SPECIAL economic department of INTERNATIONALISM operates to substitute a better plan for the present supply and demand theory of necessary foodstuffs, England and all Europe WILL BE PAWNED TO AMERICA."

(c) At the INSTITUTE OF POLITICS at Williamstown this SUMMER, Mr. Culberson was credited with the proposal that tariffs be fixed internationally and that the World Court should decide disputes under such fixing.

(d) A Minneapolis banker proposes to cancel the American war loans in exchange for the abolition of European tariff walls; however, our principal debtor long since concluded an honorable debt payment agreement with the United States and now seems to be entertaining propositions somewhat incompatible with the general principles of the suggestions of Mr. Hughes, a Minneapolis banker, and Mr. Culberson.

(e) Reference is made to the ECONOMIC CONFERENCE OF THE BRITISH PREMIERS.

Imperial preference seemed to be the watchword of that conference.

Californians noted the strong support for the proposal to admit Dominion dried fruit free and impose a 10% duty on California products.

The Dominion Premiers were reported as urging tariffs on NON-EMPIRE WHEAT, maize and meat.

The preference enjoyed by colonial sugar and TOBACCO may be increased and lower duties be provided by the dominions for British manufactures.

The October 10 cables were to the general effect that the conference was considering a purchasing POOL for empire food and raw materials and a distribution plan for Great Britain.

The Chancellor of the Exchequer stated that since 1919 the policy has been to give preference to the colonies and dominions in public contracts and that such a policy would be continued.

Mr. Chamberlain reported that the air board last year bought no foreign supplies and the navy none except 1% of the fuel oil.

The war office bought from abroad only specialties and foodstuffs unobtainable in the Empire.

OBJECTIONS WERE RECORDED against the purchase of PUMPS by a colony from AN AMERICAN BRANCH FACTORY in the Empire and assurances were recorded for non-repetition.

The First Lord of the Admiralty reported an attempt to induce the British sailors to smoke Empire tobacco in place of VIRGINIAN.

The President of the Board of Trade announced the Government's readiness to guarantee the capital and interest on public utility work in the crown colonies that used British products.

The Australian Premier demanded preferential tariffs and a policy of retaliation. Your recollection is directed to the British CREDITS ACT to help flax, cotton, woolen, worsted yarns and manufactures.

The British Facilities Act provides a quarter of a billion dollars to foster British industry.

The Safe-Guarding of Industries Act to license imports and tax imports is well known in America and so is the Stevenson Act or the control of rubber exports.

The American oil interests appreciate fully what it means to have the British Government in direct control of the ANGLO-PERSIAN OIL CO.

One must recall that the current Premier of Great Britain, when President of the Board of Trade insisted that the proper British policy is the intensive development of new markets to take the place of those destroyed or diminished by the war. His survey indicated that the promising fields were the Empire, the Orient and South America.

As Your Chairman speaks today all England is awaiting the economic declarations of Premier Baldwin. The forecasts claim that the British Premier will tell the Premiers of the British Empire that England proposes all round PROTECTION of British industries by a scientific tariff. It is claimed that imported manufactures will be taxed and the proceeds used to subsidize dominion and colonial production of COTTON, WHEAT, and MEAT.

American farmers are given something to think about and American exporters who favor economic accords or even free trade will watch with keen interest whether Baldwin is to continue in power or be relieved by others, among them, the Liberal Party Leader, H. H. Asquith, who once stated:

"THE ONLY HOPE FOR RECONSTRUCTION AND REBIRTH FOLLOWING THE WAR LIES IN THE DEGREE TO WHICH THE NATIONS OF THE WORLD AGREE TO APPROXIMATE UNIVERSAL FREE TRADE."

(f) The U. S. Commerce Reports, No. 150, state that in some instances Germany has had an actual increase in exports of HIGHLY manufactured goods over pre-war figures.

The press reports indicate that Europe is underselling American manufactures in laces and embroideries in spite of a 90% tariff.

It is claimed that Belgium textile mills for the current year are using 60% Indian and 40% American cotton.

It is claimed that European manufacturers, assisted by their Governments, are actively pursuing a policy of seeking markets other than the United States for raw materials.

A Chicago newspaper says that no tariff wall will be adequate to protect American manufacturers in the face of industrial cooperation and expansion expected in Continental Europe and that a revival of the American valuation idea is anticipated.

(g) At an hour when such statements are being made, Mr. Culberson and Mr. Asquith appear to find sympathy in America.

The Chairman of the Democratic Party claims that "the Republicans can give the farmers much early aid by convening Congress and effecting a prompt REDUCTION OF EXISTING PROFITEERING TARIFF RATES and by offering some moral and economic cooperation to stabilize and UNFETTER international trade so that 250,000,000 underfed people in Europe can purchase our surplus foodstuffs AT TOP PRICES fixed by the law of supply and demand."

The great international banker, THOMAS W. LAMONT, at Chicago, recently, was reported as saying, "WHY has the Continent BUMPER CROPS this year? The answer in part is because of the recovery from the devastation of war, but also in a large part because our latest TARIFF laws put such a barrier against FOREIGN MANUFACTURERS that speaking generally, the people abroad are unable to sell goods here to the extent that they might otherwise and so to establish as large credits as might be possible to purchase our grains. If we had not favored the idea of doing all the selling and none of the buying, our farmers and our MANUFACTURERS, who are dependent for their prosperity upon the farmers' demand might have been better off." One editor asked for an explanation on how the American farmer is to get a TOP PRICE in Europe against the competition of Europe's own bumper crops, which were so amply described by the Democratic financier, whose house fathers The International Harvester Co., which has just reported marked development in its business.

The current cable reports are that the British financiers have formed with the Russians a powerful concern to export Russian wheat.

(h) The Republican side and opposition to the Asquith theory is found perhaps in the recent statement of the Chairman of the Republican National Committee, who claimed that "World competition never has been so keen as it is today. The only safeguard against this menace to AMERICAN MANUFACTURERS is PROTECTION in the form of tariff duties. There is no doubt that our industries would be prostrate and the nation in the midst of HARD TIMES were it not for the FORDNEY-MCCUMBER tariff law."

The NATIONAL REPUBLICAN recently stated, "THE DRIVE to sacrifice the PROSPERITY and security of America in behalf of Europe continues.

European propagandists are trying to control the pulpit, the schoolroom, publications, labor organizations and women's clubs."

(i) One phase of the doctrine of economic accord developed during the war, when the Allies at Paris on June 14-17, 1916, declared themselves agreed to conserve during the whole period of commercial, industrial, agricultural and maritime reconstruction their natural resources for the Allied countries before ALL OTHERS and for this purpose to establish SPECIAL arrangements to facilitate the interchange of these resources. The United States was not a party to the conference and so stood in the all others class; however, the project never seemed to amount to much after the war; hence, history provides no great assurance for even this limited form of an economic accord or alliance.

(j) Shortly after this Paris conference, the American Manufacturers' Export Association, resolved, that it hoped the armed conflict in Europe would not be followed by an economic war that would place arbitrary restrictions on international commerce and industry, and the export manufacturers believed

that in the formulation of commercial treaties, the United States should insist upon a due regard for our rights and our opportunities, thus assuring to our commercial and financial interests full protection abroad.

On October 10, 1917, the Association endorsed especially that part of President Wilson's answer to the Pope which states, "Punitive damages, the dismemberment of empires, the establishment of SELFISH and exclusive ECONOMIC leagues, we deem inexpedient and in the end worse than futile, no proper basis for a Peace of any kind, least of all an ENDURING PEACE."

(k) The United States Chamber of Commerce favored economic war under certain conditions, but the A.M.E.A., the Philadelphia Board of Trade and the National Association of Manufacturers', took a position that an economic boycott would be an unwarranted interference in matters of international relations. The Merchants Association of New York, went on record against economic pressure to regulate war.

Your Chairman's investigations lead him to the impression that Mr. Hughes' economic accord proposition to influence war conditions and peace can command practical support among American manufacturers and merchants, even those who are critical about keeping private business affairs far from the influence or control of domestic and international politicians, statesmen and diplomats, PROVIDING, the detail plans developed under the principle outlined do not violate the recorded views of the American Manufacturers' Export Association, the members of which are probably more concerned than any other great group of American voters.

9. INTERNATIONAL DEBTS AND REPARATIONS.

At the annual convention of the American Bankers' Association, on September 24, 1923, FRED L. KENT, vice-president of the Bankers' Trust Co., of New York, made a memorable address entitled "ACROSS THE ATLANTIC."

It appears to be a master-piece of the propaganda for debt cancellation. Probably many manufacturers have read the full text or the bankers' resolutions based thereon. Mr. Kent claimed that the flame of race hatreds in many countries have been gradually dying down as the fact is being recognized that the Nations are dependent upon each other to such an extent that IT IS TO THE INTEREST OF EACH TO MAKE RECIPROCAL TREATIES WHICH WILL REDUCE OR REMOVE TRADE BARRIERS.

Mr. Kent claimed that actually the American people have no desire to isolate themselves.

This banker would have the Germans work hours longer than eight to create an exportable balance of MANUFACTURES from which to secure funds in neutral markets to pay off reparations, etc.

He seems to believe that if the creditor nations trade off 60 to 70% of the war loans for agreements to establish peaceful and sound economic conditions in Europe, world trade and commerce might easily revive

to such an extent that the monetary return would far exceed the total cancelled loans over a comparatively short time. Banker Kent intimates that Secretary of State Hughes, being a member of the Refunding Commission, might develop proper agreements by means of treaties. For this reason, your Chairman has taken note of the debt situation which might develop into a treaty subject.

The bankers resolved that it is their belief that if the United States does not recognize and accept responsibilities in connection with the reparations questions which are preventing our Allies and Germany from coming to an agreement that will reestablish peaceful conditions in Europe that both our foreign and domestic trade will continue to suffer seriously. The bankers recommended that the Debt Refunding Commission immediately enter into negotiations with Great Britain and France, in connection with SUCH PART OF THE REPARATION question as may be included in the INTERALLIED INDEBTEDNESS in order that the Commission may be in a position to make such recommendations to Congress as it may consider desirable and to the INTEREST OF THE UNITED STATES.

It is hoped that Mr. Kent's views and the bankers' resolutions have been fairly reviewed.

(b) In 1918, your Chairman in referring to the probable American attitude of the United States at the treaty conference, stated, "Materials, money and men, the United States has lost, not gained. No such gains are expected, wanted or needed." The United States asked for nothing other than Peace and got less than nothing from Germany or France. Under such circumstances, some feel that Mr. Kent and his followers among the American bankers have erected a debt cancellation structure upon quick-sand. No false premise can lead to the conclusion that Americans have side-stepped responsibilities in Europe where thousands of dead Americans are an enduring evidence that America is not found wanting whenever freedom is imperiled.

The bankers have based their serious recommendations upon what they believe to be facts; hence, others must verify such facts or find the real situation. An inquiry shows that:

FIRST. Senator McKellar, upon his recent return from Europe, stated, "FRANCE is amply able to pay interest on her three billion dollar American debt, and the foreign debt commission should urge an immediate settlement."

SECOND. Senator McKinley, returned from Europe, with the advice that Germany could pay a reasonable amount in reparations if the Allies could agree upon the sum.

THIRD. The Democratic leader, Senator Robinson, upon his return from Europe, stated that the United States intervention in the general European situation would result only in more confusion.

FOURTH. Congressman Burton, of the Debt Refunding Commission, after a trip abroad, on October 16th, conferred with President Coolidge, and gave out an interview to the effect that the United States has

every right to expect a settlement of the debts on an honorable basis. He hardly thinks the economic conditions can become good abroad under PREVAILING POLITICAL CONDITIONS. He intimated that the French policy in Europe seems to be dominated by a desire to DISMEMBER GERMANY and obtain a stranglehold on the IRON AND STEEL industry of the Ruhr, rather than by the hope of collecting reparations.

FIFTH. Senator Smooth is credited by the press as unfavorable to any debt cancellation.

SIXTH. Newspapers with millions of circulation in the East, South, North and West editorially commented upon the bankers' debt cancellation talks and resolutions, in part, as follows:

(a) "Congress is asked to abandon ISOLATION policies and CANCEL the Allied debts FOR THE BENEFIT OF THE EUROPEAN BOND MARKET.

Singularly no emphasis is placed upon the fact that WALL STREET in the past four years has purchased more than a billion of foreign securities. A set of sentiments which manifestly delight farm blocs, progressives and taxpayers generally. None are so blind as those who will not see beyond their SELFISH INTERESTS."

"The Allies want our dollars, not sense, as MR. POINCARÉ and associates have shown after each offer to mediate the reparations tangle. LOOK TO YOUR LIBERTY BONDS. Financiers, owning tons of foreign securities here and abroad, approve, of course, the cancellation of outstanding entente loans.

A twelve billion dollar GIFT to governments whose pressing bonds are so heavily held hereabout would mean a KILLING for WALL STREET and enormously enhance the fortunes of investment houses with huge blocks of DEPRECIATED allied paper—mostly bought on the bargain counter.

Much of the money thus taken from the taxpayers pockets would go straight into theirs together with the margin between present values OF LIBERTIES AND VICTORIES which would immediately drop several points as a result of our philanthropic action—a depression certain to be profitably anticipated by such fiscal experts. A neat way to drop two birds with one stone."

(b). A Middle West editorial remarked on the bankers' resolutions:

"A Chicago Democratic organ urges Americans to render service to Europe by buying Germany's bonds to pay off the Allies. Once bit twice shy means nothing to this journal. Germany flooded the United States with nearly a billion dollars worth of paper marks, which were afterwards inflated to the VANISHING POINT, thus deadbeating innumerable innocent helpless American investors, who probably followed some pro-Europe banker's advice. WHY BUY GERMAN BONDS AND REPEAT such an incident."

(c) Another Western paper stated editorially, "The American people are not without effective means to CALL A HALT on the European frameup and

anti-American propaganda. 26,000,000 Americans have entrusted seventeen billion dollars to the savings banks, while a quarter of our population have on deposit in the United States banks about thirty-seven billion dollars. Without these trust funds, the pro-Europe American bankers are helpless to play their game abroad.

A DEPOSITORS' BOYCOTT on all banks that attempt to invest one dollar of these trust funds in German shin-plasters even with the ALLIES' ENDORSEMENT, will materially relieve the American bankers of the self-imposed task of correcting false impressions about economic disasters because such paper calamities will no longer lurk about the United States.

(d) Politicians seldom ignore the CHICAGO TRIBUNE, which remarks:

"Let President Coolidge bring pressure to bear upon these hot-headed and grasping European nations to arrange the funding of their debts to us. THEY ARE DEBTS OF HONOR. They MUST be EVENTUALLY PAID or national credit will be ruined. We would use the money constructively—not for war."

(e) At the Institute of Politics at Williamstown this Summer, Canon Earnest Dimnet of Paris was credited with the claim that the United States MUST CANCEL the ALLIED DEBTS as a CONDITION PRECEDENT to participation in European affairs. His belief was that there is no other solution of the German problem than floating a loan in the United States. He said France believed that this should be done.

(f) The current cable news is that the POINCARÉ GOVERNMENT is still ready to seek a general settlement with the Allies on the basis outlined in the January plan and subsequent French "yellow book," namely PARALLEL REDUCTION of the German debt and the war debt of the Allies, but FRANCE is tired of reiterating unheeded the proposals and if there is to be further initiative it must come from Great Britain or the United States. Otherwise it is clearly the intention of the French Government to make no further mention of the possibility of general negotiations and to devote its efforts solely to the exploitation of the occupied territories for the benefit of the reparations account."

(g) Your Chairman listened to LLOYD GEORGE'S plea at Chicago for the acceptance of HUGHES' plan for the determination of the ability of Germany to pay some sum certain for reparations. The former British PREMIER suggested that failure by Germany to pay whatever might be determined under the Hughes' plan, should be followed by a UNITED MARCH on Germany; apparently he means that the United States should send its army and navy to collect reparations for France and England. This remarkable Britisher admitted that "During the war, whenever we wanted to know something about America, they said to us, 'Well, it depends upon the Middle West.'"

If THE CHICAGO TRIBUNE is a fair average of Middle West public opinion, Lloyd George's belated plea for the HUGHES' plan, supplemented with the suggestion of force to collect money from Germany, is FUTILE.

The Chicago Tribune says, "We cannot be the armed policeman of Europe. We have been discarded as an adviser in Europe. We have been ignored as an example. WE CANNOT BE A FOOLISH BANKER FOR EUROPE. We might embroil and impoverish ourselves with no consequences except to our own hurt. WE MIGHT LOSE THE PEACE ON THIS CONTINENT WITHOUT GAINING IT FOR THE OTHER."

(h) You have heard considerable opinion from bankers and journalists, and now you may listen to pointed remarks to your Chairman by members of the Association.

One of the most experienced and prominent manufacturers in America informed your Chairman that—"The international bankers have an extensive knowledge of international finance, but they are not INFALLIBLE. As a matter of fact some of them are positively opposed to cancelling these debts. But, looking back over the last eight years, the forecasts of the international financiers have been wrong more often than right. During that period I have sold British exchange above par and at other times over 30% below par. During that period I have sold exchange on many neutral countries which were not concerned in the war at substantially above par and at other times very much below par. The advocates of cancellation may impress those who have given the question of international commerce little thought or study, except perhaps during the last few years, but they will not impress many of those who have been doing EXPORT BUSINESS FOR A SCORE OR MORE YEARS. A great many forget that a very considerable portion of this money was loaned by the United States to the European countries after the signing of the Armistice. I believe that the people of this country were reconciled to that loan by false propaganda carried on while the Peace Commission was sitting in Paris, scaring our people into the belief that if we did not help Europe out the BOLSHEVIKS would get Europe and then get us. I was in Europe during several months of that period and know that accounts sent across by the American newspaper correspondents were grossly colored. A rigid censorship was maintained and a correspondent who did not send scary stuff could not send any.

We did right in going into the war, but we did it because it was necessary to clean up a bad mess which was the result partly of national vanity and partly the OVER-POPULATION of Europe.

Cancelling these debts will not, in my opinion, hasten returning to normal. In three years Europe has made more progress towards recovery than she did in thirty years following the NAPOLEONIC WARS. If these debts had been cancelled when the idea was first advanced, I do not believe that Europe would have

made as much progress as she has during three years.

EUROPEANS MUST AND WILL BUY FROM US UTTERLY REGARDLESS OF OUR EXERCISE OF FURTHER ALTRUISM. The argument that if the debt account stands and the interest is paid regularly exchange will be so demoralized that we cannot export to Europe is also fallacious.

France is not concerned for fear that she cannot export to Germany if Germany pays the indemnity and Germany has been one of the best markets for France.

In France and Italy there is no gratitude towards us on the part of the general public and many of the leading men. They fail to recognize that it was not our war, that France had a great deal to do with bringing it on—that it was their quarrel, not ours, and that we came in and saved them. France even has no sincere gratitude to England for SAVING HER LIFE, much less for Italy or Russia.

I have found when talking with Englishmen and Frenchmen that they first argued that we ought to cancel the debt, because it was a war of common interest, which I was not prepared to fully admit and which idea they did not press when the major facts leading up to the war were stated to them. They generally fall back on the theory that we should be A GOOD FELLOW and cancel the debt any way. Then, when I suggest that it might be a good idea for them to start the movement of being a good fellow and turn over to us some of their islands in the Caribbean Sea in partial payment of the debt, they immediately want to change the subject. The principal value of these islands are in case of war. They are not revenue producers.

Their main value to France and England is to have a gun pointed at our ditch across the Isthmus as a factor in diplomatic negotiation and in war, if we ever have trouble with them."

(i) IRVING T. BUSH, President of the New York State Chamber of Commerce, upon his return from Europe, stated much that is of special interest to American manufacturers and in part, as follows:

"Stabilized conditions will stimulate MANUFACTURING in Europe and more commodities will be produced to COMPETE with us in the markets of the World. If we keep our eyes on our own markets and treat as welcome additions any orders we may receive from Europe, we will be on solid ground, for conditions in this country are sound."

(j) Judge Gary recently stated, "We should all remember that the United States is a very big country and VERY RICH and on the average PROSPEROUS."

(k) President Hibben, of Princeton, returned from Europe recently and stated, "Germany is not starving, but is prosperous; the people including the working classes are flocking to restaurants and cafés and have plenty of food and beer." The last item may make some Americans feel that Germany sits on top of the World. The college economist claimed that he did not

find any evidence of poverty or unusual distress in Germany.

(l) President Julius Barnes of the United States Chamber of Commerce was recently credited with the press statement that the United States during the last few months established TEN PRODUCTION RECORDS, as follows. THE LARGEST production of pig iron, ingot, crude oil, automobile and truck, locomotives, cotton consumption, and the largest volume of mail order sales, retail sales and car loadings. Since 1913 our annual income has increased from thirty-four to fifty billion dollars and the aggregate savings deposits have increased from six billion to fourteen billion dollars.

Even under such circumstances Banker George Reynolds of Chicago claims that money cannot help Europe at this stage of the game, and that we need the money here.

The President of the largest bank in America has this for American manufacturers. "Our leading lines of manufacture have been surpassing the records of war time production. In the past five years we have been gradually breaking away from ECONOMIC DEPENDENCE upon the outside world. The opportunities for trade outside of the DISTURBED AREAS of Europe are so great that our dependence upon the latter is comparatively slight and yet business with those disturbed areas continues moderate in volume. We take from them little that is essential to us, but what they take from us is VITAL TO THEM.

If we look for the explanation of the wonderful American demonstration of inherent strength and recuperative powers of the United States, we will find at least 90% within our own borders.

I am not afraid of the ability of this country to compete in the long run and to secure an ample share of world trade, PROVIDED, we NOW recognize that COMPETITION is coming and that it is going to be vigorous and that to meet it, we must loosen every restraint to American industrial development to the end that in this country there may be AN EFFICIENCY which will overcome a HIGHER STANDARD OF LIVING and still make us able to do business on the world's price level."

(m) The wages in the United States are far above the European levels on a purchasing power basis. The British Ministry of Labor collected figures on the amount of food that can be purchased with 48 hours of labor and reduced the same to an index figure of 100; the results are: New York, 217; Ottawa, 180; Amsterdam, 103; Christiania, 92; Stockholm, 87; Warsaw, 85; Brussels, 70; Paris, 68; Prague, 67; Madrid, 61; Berlin, 57; and Vienna, 55.

(n) It might not be unkind to suggest to the debt cancellationists that it may be difficult to prove to AMERICAN LABOR how its percentage of 217 can be greatly improved by debt cancellation. Mr. Kent's major premises at least seem questioned by the facts and opinions you have listened to.

(o) Your Chairman's contacts with many members of the Association lead him to the belief that the average American export manufacturer does not think that a remission of our foreign debt would be detrimental to American exports; however, there is no indication that 10% would favor the cancellation of the debts; yet, the majority would grant proper debt concessions to facilitate ultimate and definite payment.

The average American export manufacturer would not advise American bankers to loan money to finance German-Allies factories; however, no objections would be recorded to private loans based upon the ordinary business considerations of individual cases that merit accommodation.

The average American export manufacturer is willing to join in international accords to avoid war: however, he does not appear anxious to BUY PEACE from France for Europe, in the event Premier Poincare's terms of exploitation of Germany for reparations are unalterable if the United States does not concur in the proposition of a cancellation of the inter-allied debts in order that the German reparations to France may be reduced by the amounts cancelled by the United States. There is no evidence that the United States will entertain the idea of paying Germany's reparations to France in any form.

There is also little evidence that the average exporter objects to French attempts to collect for French account from Germany; however, your Chairman fails to find signs that the United States will join England in any movement to publicly influence France or MARCH ON BERLIN to collect reparations for France. Lloyd George made an eloquent appeal for a union between America and Great Britain for the manifest purpose of influencing France; however, the reaction does not seem favorable and the American Legion even declined to vote for the entry of the United States into the World Court but its heads have found no fault with French occupation of the Ruhr.

Nevertheless the average World War veteran usually tells you, NEVER AGAIN WILL THE UNITED STATES FIGHT FOR EUROPE.

Germany does not appear sincere in promises of reparations and experienced Americans abroad seem to feel that Germany has not the least intention of paying France what France wants and expects; perhaps, France can get blood out of the German stone at an hour when Lloyd George admits England knows she cannot get much reparations; however, France is playing a lone hand, as is evidenced by the attitude of the current administration in the United States and England.

Technical Status of Foreign Loans

Debt settlements have been made with Great Britain and Finland and little progress appears of record in regard to others, who owe an aggregate principal amount of \$5,970,117,427 and accrued unpaid interest of \$1,088,457,470, or in all to date the indebtedness appears to be \$7,058,574,897.

Specifically the amounts owed by each are:

Armenia	\$14,263,096
Austria	27,664,065
Belgium	445,782,734
Czecho-Slovakia	109,423,344
Estonia	16,788,728
France	3,917,325,974
Greece	16,125,000
Hungary	1,989,286
Italy	1,973,879,133
Latvia	6,032,478
Liberia	30,168
Lithuania	5,977,953
Poland	181,839,315
Roumania	43,218,878
Russia	237,242,054
Serbia	60,992,592

Secretary Mellon granted Austria a twenty year postponement for payment.

The commission has not been in touch with Armenia, Greece, Liberia, or Russia.

France sent a representative to negotiate and he returned to confer with his Government and no further proposals have been received since.

It is claimed that the commission HOPES to obtain further adjustments at the earliest possible date.

In reference to the argument that the United States should aid France in collecting reparations from Germany, one of the Governors of our States says "THE UNITED STATES SHOULD NOT BE A COLLECTING AGENCY. THERE IS NO MORE RIGHT OF A NATION TO ENFORCE PECUNIARY CLAIMS IN BEHALF OF THE NATIONALS THROUGH ARMIES AND NAVIES THAN THERE IS TO CALL OUT THE NATIONAL GUARD OR THE REGULAR ARMY TO ENFORCE COLLECTION OF A MORTGAGEE'S NOTE AGAINST ANOTHER CITIZEN."

Republican Administration's Attitude on Debts

10. The White House intimations of October 5th, 1923, were that President Coolidge is strongly opposed to any proposal from whatever source looking to the cancellation of the debt that the European Powers owe to the United States.

It was reported that our President does not contemplate any departure from the requirements laid down by Congress in the debt refunding act as to how the obligations should be handled. This act does not contemplate any discriminations between debtors. The difference between the war loan rates of interest and the interest conceded to the British in the settlement over the period of years of payment would mount to a sum equal to the British capital indebtedness to the United States at the time of refunding. This aspect of the situation is reported as going far enough to meet the demands of the cancellationists here and abroad.

The press has recently reported President Coolidge as unfavorable to any conferences abroad, economic or

political; consequently France and England appear to be left to their own devices to handle Germany as they will.

Of course there will be a big drive to influence the Republican Administration to accept Lloyd George's proposition for the United States and Great Britain to join forces and fix the reparations matters regardless of France; however, such propaganda must discount the attitude of the Middle West opinion which seems to be recorded by the *Chicago Tribune* editorial you heard and by its news item, as follows. Its London correspondent cabled an inventory of the serious problems the United States would be plunged into if it accepted Lloyd George's plan for an unwritten treaty for united action between the United States and Great Britain. Some of the problems are: Reparations and the Ruhr, League of Nations, Tangier, Unrest in India, Constantinople and the freedom of the Dardanelles, Asiatic complications including the misunderstanding and estrangement of Japan, obscure bickerings and intrigues of ambassadors' council in connection with the settlement of numerous disputes between your European nations born of the war.

Alone Great Britain cannot impose her will on the less tractable nations. Allied with America, however, England would possess the authority to impose her will on other nations to their discontent and resentment and probably would involve America in so doing. Temporary tranquillity might be restored in Europe but the enduring hatred of the nations whose policies are thwarted would be obtained. Hatred usually leads to trouble and the United States would not be neutral.

IN CONCLUSION, may your Chairman state that he lived many years abroad prior to the World War and believed he understood something of the human nature of Europeans; however, conditions have so changed abroad, that your Chairman dares not venture personal recommendations for the remedy of European conditions that puzzle many.

Our Secretary of State has proposed a great proposition of economic accords which in principle meets naturally with wide approval. It is evident that our public officials are thinking long and hard and it is suggested that they should have our sympathetic support in whatever they determine is to the best interest of all Americans. The currents are many and cross but our Government has knowledge superior to that of the average citizen; hence, it might be well for exporters to watch with intelligent interest all the Government intimations and quietly advise our officials in all cases where members feel it is to the interest of our fellow citizens.

Your Chairman trusts that he has been able to make the members more fully appreciate the serious problems that confront our public officials in their administration of our foreign relations and that the net result may be intelligent cooperation and support for those in authority in order that the paramount interests of all Americans may be better served in relation to our international commercial and industrial affairs.

The Resolutions Adopted at Fourteenth Annual Convention

AMERICAN MANUFACTURERS EXPORT ASSOCIATION

The following resolutions recommended by the Resolutions Committee, consisting of Fred B. Whitney as Chairman, Frank H. Taylor, Julius Goslin, Charles W. Beaver and A. E. Ashburner, were adopted by the Convention, October 26, 1923.

"The American Manufacturers' Export Association, assembled in the Fourteenth Annual Convention, hereby resolves as follows:

"1. It reciprocates the message of good will and interest of President Coolidge, whose official acts, words and exhibited integrity of purpose have so commanded the universal respect and united support of the Nation that the American Manufacturers' Export Association finds itself justified in recording a pledge of intelligent cooperation with the President of the United States in his conduct of the foreign relations of our country.

"2. It thanks its retiring President, Myron W. Robinson, whose devotion to duty has resulted in a record of unprecedented success for the Association and it pledges its support to President-elect W. W. Nichols, whose many years of unstinted toil for the Association is a token of the ability that will lead the Association on its path of progress in the promotion of the export affairs of the United States.

"3. It records with sincere thanks the service rendered by its officials, committees, speakers and delegates, the press and the National Foreign Trade Council, all of whom have made the Convention an unprecedented success at an hour when the foreign trade affairs of the Nation attract the attention of the world.

"4. It believes that its pioneering in the promotion and protection of the export affairs of the United States has resulted in an American export trade conscience and a wide public recognition of the fact that the volume of the exports of the Nation largely determines the margin of stimulating profits for our banks and factories and the high standard of living of the American artisans. The foundation for the permanent establishment of our export trade was tested by the trade depression of 1921. At this Convention it is obvious that such foundation is firm and that it is possible for all American manufacturers to safely, permanently and profitably engage in an export business without feeling that they are embarking upon uncharted business seas.

"5. It notes with keen and sympathetic interest the diplomatic innovation of the principle of economic accords to promote and preserve peace over the globe and trusts that the practical development of such a principle will not involve tariffs, which are largely regarded as matters of revenue and domestic policy, and it hopes that the practical application of the principle of economic accords will not violate the principles set forth in detail in the resolutions of the previous conventions of this Association. It favors the prompt enactment of laws to reorganize our various government activities abroad so as to create a united foreign service. It believes that such a reorganization will enable our Government to support our nationals abroad with an effectiveness that has heretofore been impossible.

"6. It records the fact that the majority of its members do not feel that a remission of our foreign debt payments would be detrimental to American exports at an hour when a majority of its members think that there should be no approval of the idea of debt repudiation, cancellation or discrimination between debtors, but that proper concessions should be granted to guarantee reasonable payments and promote better trade relations between the United States and the debtor nations, provided it is proven

conclusively to the Government and the American people that all concessions are adequately offset and guarantees are provided to equal in value whatever may be conceded in meritorious cases.

"7. Its 1922 Convention proposed the idea of a World Economic Conference, which was endorsed by the Chamber of Commerce of the United States. It reiterates its belief in the wisdom and value of such an economic conference and trusts that all parties in interest may exclude all non-economic objections thereto and then join in the call for a business man's economic conference, which shall restrict its program to purely economic subjects, without reference to the inter-allied debts, territorial guarantees, mutual military pledges of united action in potential conflicts of arms and all such other matters that are not germane to the non-political problem of restoring international trade stability and its attending health and happiness. It is prepared to cooperate by appointing delegates to such a business-man's conference. It is convinced that ways and means can be perfected to restore normal business relations between the nationals of all countries, especially European and the United States.

"8. It accepts the assurances given in respect to banking and credit insurance that facilities will be expanded to at least equal whatever is available to our competitors abroad.

"9. It expects alert and enterprising American shipowners to provide regular, dependable and efficient overseas steamship service at public, uniform and non-preferential freight rates, and in return for the same it pledges genuine interest in American ships, and it will urge its members to consign goods to foreign ports in American bottoms and adequately patronize all American vessels which form a potential part of the naval reserve of the United States. It records the hope and wish that the Government and the private shipowners will promptly perfect a mutually satisfactory plan which will take the Government out of the shipping business and restore the same to private business. It believes 100 per cent in the principle of a privately owned and privately operated American Merchant Marine during peace.

"10. It recommends that the American harbor and port commissions incorporate in all permanent improvements and betterments, the most modern facilities, including enclosed docks and warehouses, mechanical conveyors, loaders and other time and labor-saving mechanisms, concentration warehouses, classification bays, dock and warehouse dunnage, adequate fire protection, loading stages, correctly constructed slings, winches and cranes and all other practical means to safely, quickly and cheaply handle freight.

"11. It feels certain that some foreign countries might be induced to modify their patent laws, especially the working features thereof, in favor of American citizens, providing the United States enacts legislation designed to subject the foreign applicant for a United States patent to conditions equal or similar to the limitations placed upon the American patentee by the country of such foreign applicant.

"12. It is a pleasure to record that the exporting of American products has become a permanent, dignified and essential factor in American affairs."